

The Future of Eldercare on Nantucket

The Role of Our Island Home

"DO THE BEST YOU
CAN UNTIL YOU
KNOW BETTER. THEN
WHEN YOU KNOW
BETTER, DO BETTER."
— MAYA ANGELOU

fabQuote.co

AGENDA

1. Evolution & Current State of Eldercare
2. Current State – Our Island Home
3. Planning for the Future
4. Stakeholder Input
5. Options / Analysis
6. Discussion

The Future
Care at Home



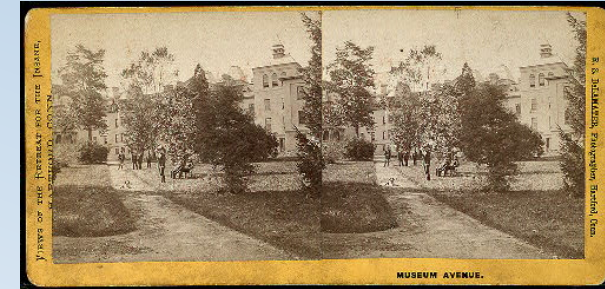
Pre 1820s
Care at Home



1820s Almshouses



Mental Hospitals



2000
Small
House



The Evolution of Eldercare

1905
Early Institutions



1942 Licensed
Nursing Home



1980s Assisted Living



1960 "modern" Nursing Home



Current State - Long Term Care

1999 Supreme Court Olmstead Decision Directs Deinstitutionalization

“Confinement in an institution severely diminishes the everyday life activities of individuals...”



Least restrictive
environment



Olmstead required states to develop plans to provide for least restrictive environment and deinstitutionalization



Massachusetts: “Community First”

VISION

Empower and support people with disabilities and elders to live with **dignity** and **independence** **in the community** by expanding, strengthening, and integrating systems of community-based long-term supports that are person-centered, high in quality and provide optimal choice.

GOALS

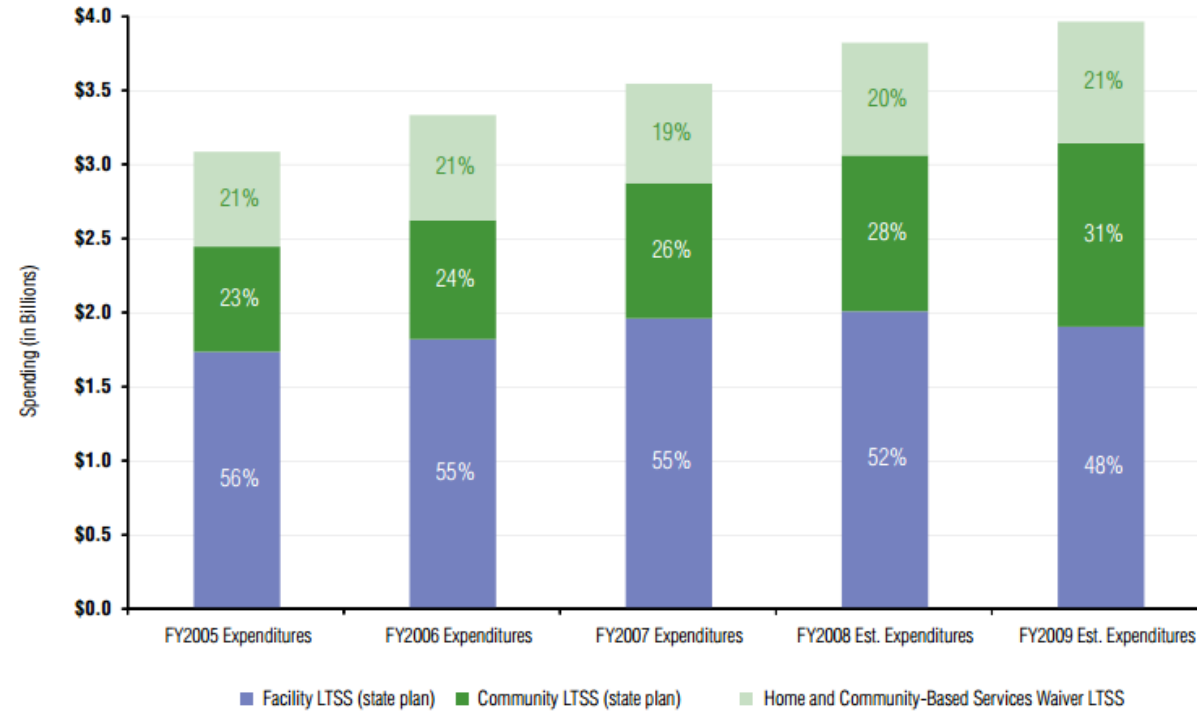
- Help individuals transition from institutional care
- Expand access to community-based long-term supports
- Improve the capacity and quality of community-based long-term supports
- Expand access to affordable and accessible housing with supports
- Promote employment of persons with disabilities and elders
- Promote awareness of long-term supports



Massachusetts

The shift in MassHealth spending from facilities to communities reflects the state's Community First policy

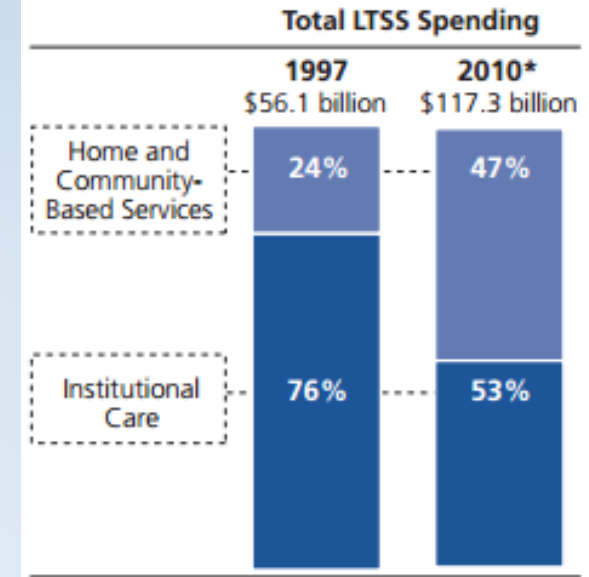
MassHealth Facility-Based, Community-Based, Waiver-Based Spending as a Percent of Total MassHealth LTSS Spending



Source: MassHealth Budget Office

National

FIGURE 3
Medicaid Expenditures for
LTSS, FY 1997 and FY 2010*



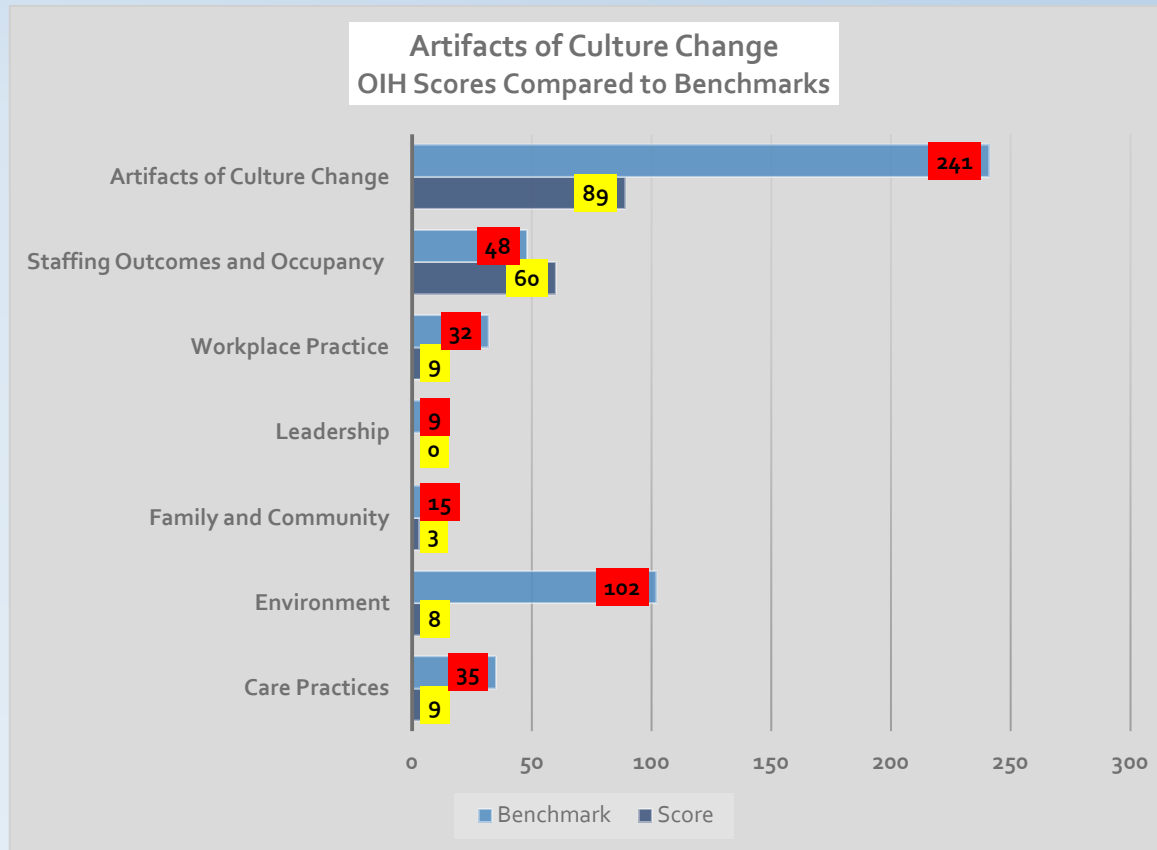
Result: Funding Shifts



Current State - OIH

Center for Medicare & Medicaid Services		
Quality Ratings		
Overall	 BELOW AVERAGE	Combines: <ul style="list-style-type: none"> • Health inspections • Quality measures • Staffing
Health Inspection	 AVERAGE	<ul style="list-style-type: none"> • 3 most recent inspections • complaints inspections- 3yrs
Staffing	 BELOW AVERAGE	<ul style="list-style-type: none"> • Registered nurse hours per resident per day • total staffing hours per resident per day.
Quality Measures	 MUCH BELOW AVERAGE	Clinical quality
Fire & Health Safety	 BELOW AVERAGE	Building

Operational Analysis – OIH Publicly Reported Quality Data

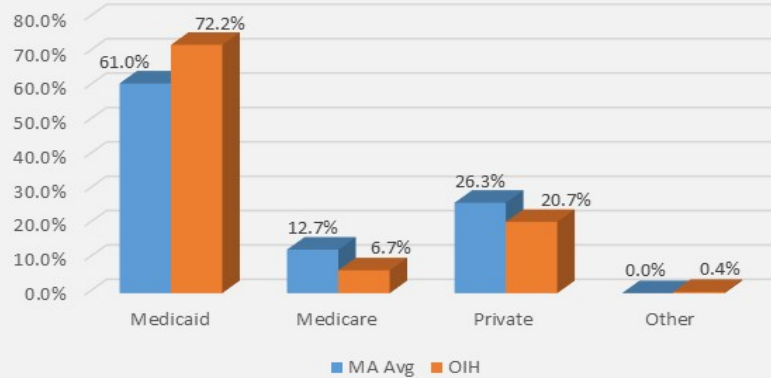


Reflects Highly Bureaucratic
Traditional Institutional
Model of Care

Operational Analysis: Culture

Revenue Dynamics

Payor Mix: MA Avg vs. OIH



Average Daily Rates: Government Payor Sources

	2014	2015	ytd2016
Avg Medicaid Rate	197.25	197.15	192.78
Avg Medicare Rate	349.48	394.54	311.38

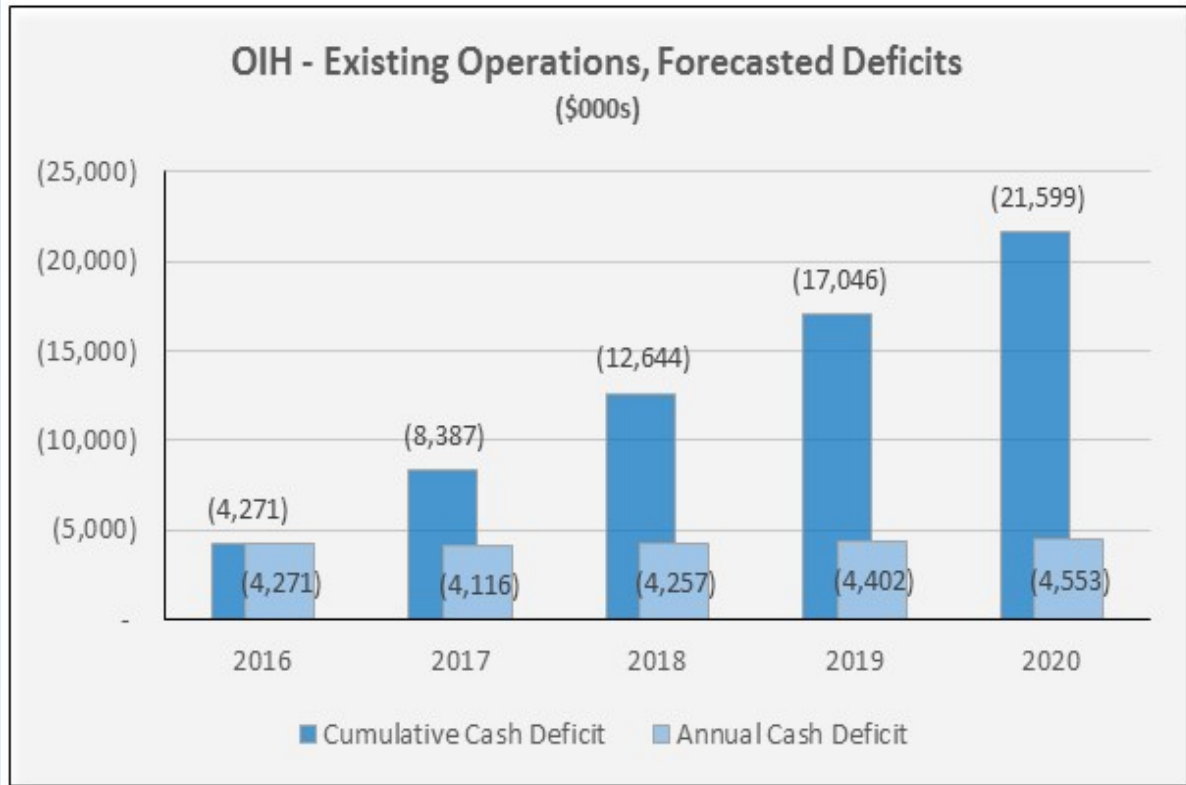
Expense Structure

PPD = Per Patient per Day expenditure

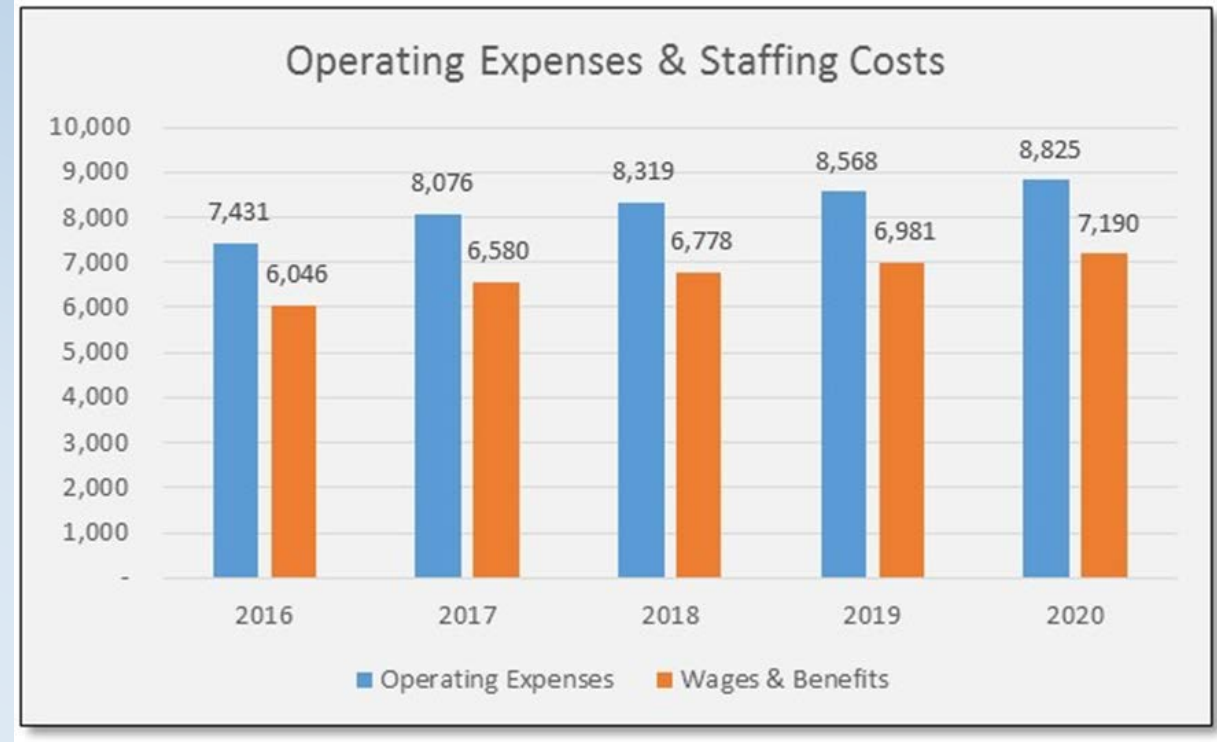
Department Totals PPDs	Nursing	Dietary	Laundry, Hskpg, Plant	G&A	Payroll Benefits	Totals
2014 Northeast 90th Percentile	99.48	15.50	26.76	22.47	18.08	182.29
2014 Northeast 50th Percentile	134.04	19.06	38.62	32.32	23.46	247.50
2014 Northeast 10th Percentile	177.18	26.74	52.95	45.94	39.06	341.87
OIH	222.87	51.86	44.34	65.10	115.99	500.16
Comparison to 10th Percentile	45.69	25.12	(8.61)	19.16	76.93	158.29
difference in \$\$\$s (ppd difference x total patient days)	672,377	369,647	(126,704)	281,999	1,132,099	2,329,417

Salary Costs PPDs	DON, RN & LPN	Aides	Other Nursing Admin	Soc Svcs, Act, Ancil Svcs	Dietary	Laundry, Hskg, Plant	G&A	Totals
2014 Northeast 90th Percentile	29.85	30.59	4.01	5.51	7.12	4.78	3.94	85.80
2014 Northeast 50th Percentile	47.48	36.54	9.04	22.03	10.05	9.85	8.21	143.20
2014 Northeast 10th Percentile	67.66	47.76	19.51	37.01	13.97	17.19	16.65	219.75
OIH	67.42	92.71	19.47	15.32	40.65	29.84	20.73	286.15
Comparison to 10th Percentile	(0.24)	44.95	(0.04)	(21.69)	26.68	12.65	4.08	66.40
difference in \$\$\$s (ppd difference x total patient days)	(3,532)	661,531	(589)	(319,188)	392,599	186,156	60,098	977,076

Current Operation: Fiscal Analysis



* Excluding Town subsidy and State CPE receipts for municipally-owned providers



Current Operation: Projected Forward



Planning for the Future

Older Adult Population by Age and Year Our Island Home Market Area								
Population	2010		2016		2020		% Annual Change	
	#	% of Total	#	% of Total	#	% of Total	(2010-2015)	(2015-2020)
Total	10,172	100.0%	10,680	100.0%	11,070	100.0%	0.8%	0.9%
55 to 64	1,285	12.6%	1,493	14.0%	1,574	14.2%	2.9%	1.4%
65 to 74	692	6.8%	961	9.0%	1,173	10.6%	6.2%	5.8%
75 to 84	373	3.7%	436	4.1%	511	4.6%	2.4%	4.5%
85+	162	1.6%	202	1.9%	206	1.9%	4.8%	0.5%
55+	2,512	24.7%	3,092	29.0%	3,464	31.3%	3.9%	3.1%
65+	1,227	12.1%	1,599	15.0%	1,890	17.1%	4.9%	4.8%
75+	535	5.3%	638	6.0%	717	6.5%	3.1%	3.2%

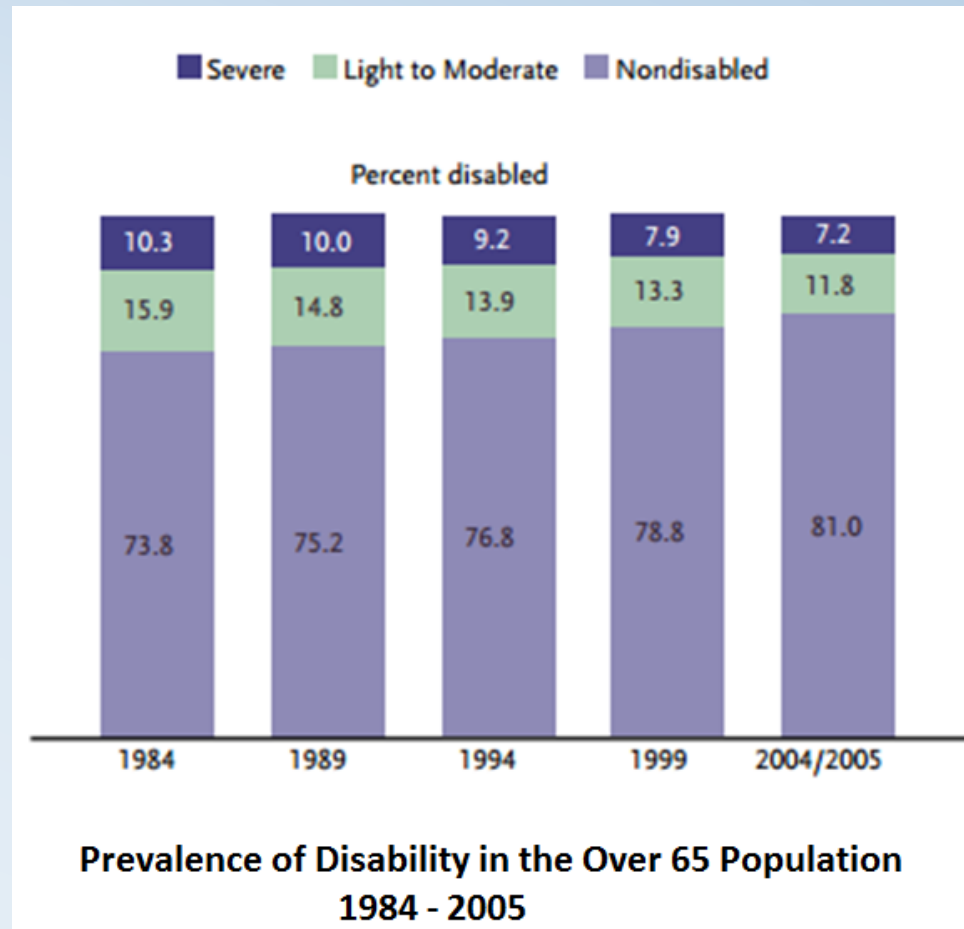
65+	1,890	17.1%
75+	717	6.5%

Relatively small market for 75+, regardless of demand for Nursing Home services

Relatively high %-age of 75+ with less than \$35k income

Households 75+ by Income Our Island Home Market Area								
Income	2000		2015		2020		% Annual Change	
	#	%	#	%	#	%	(2000-2015)	(2015-2020)
<\$15,000	114	35.1%	113	26.3%	117	23.3%	-0.1%	0.7%
\$15,000 - \$24,999	9	2.8%	46	10.7%	48	9.6%	27.4%	0.9%
\$25,000 - \$34,999	30	9.2%	65	15.2%	76	15.1%	7.8%	3.4%
\$35,000 - \$49,999	56	17.2%	62	14.5%	72	14.3%	0.7%	3.2%
\$50,000 - \$74,999	39	12.0%	40	9.3%	53	10.6%	0.2%	6.5%
\$75,000 - \$99,999	7	2.2%	25	5.8%	30	6.0%	17.1%	4.0%
\$100,000 - \$124,999	28	8.6%	17	4.0%	23	4.6%	-2.6%	7.1%
\$125,000 - \$149,999	8	2.5%	17	4.0%	23	4.6%	7.5%	7.1%
\$150,000 - \$199,999	14	4.3%	17	4.0%	23	4.6%	1.4%	7.1%
\$200,000+	20	6.2%	27	6.3%	37	7.4%	2.3%	7.4%
Total	325	100.0%	429	100.0%	502	100.0%	2.1%	3.4%
\$35,000+	172	52.9%	205	47.8%	261	52.0%	1.3%	5.5%
\$50,000+	116	35.7%	143	33.3%	189	37.6%	1.6%	6.4%
\$75,000+	77	23.7%	103	24.0%	136	27.1%	2.3%	6.4%
\$100,000+	70	21.5%	78	18.2%	106	21.1%	0.8%	7.2%

Future Population & Needs



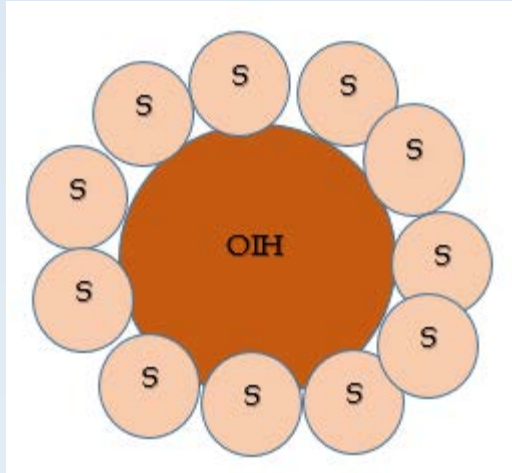
Decrease in Disability
Due to Medical Advances

Mitigating Factors in Bed Need Projections

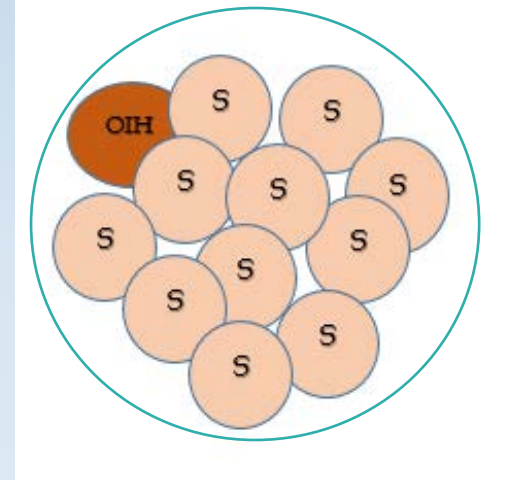


Primary reimbursement is from the Government which is committed to Community Based Services

Mitigating Factors in Bed Need Projections



OIH as Primary
Care Provider for
Frail Elders



OIH as Part of a Comprehensive
System of Care

Planning Requires a Fundamental Shift in Thinking



Approximately 25% of current
OIH residents have low care needs
and could be cared for in an alternate setting

Mitigating Factors in Bed Need Projections

Based on demographic projections alone, need is for 60 seniors to receive care from the LTC system.

Mitigating factors point to a project sized at 30 Nursing Home Beds and 10 Affordable (Medicaid funded) Assisted Living beds.

Project Size Projections

- Nantucket Government
- Resident Interviews
- Other community leaders in -
 - Healthcare
 - Community-based services
 - Demographics
- Community group meeting
- Sherburne Commons leadership
- Concerned citizens
- Focus Groups
 - Family members
 - Direct care staff
 - OIH leadership staff

Input from Stakeholders

Common	Some	Few
<p>Nantucket needs a Nursing Home</p> <p>OIH needs replacement</p> <p>Taxpayer burden is high – need to reduce</p> <p>Do whatever is best for the residents</p>	<p>Keep at current site – view and historical significance</p> <p>Move to Sherburne Commons and sell the current site to the Land Bank</p> <p>No land sale to commercial entity</p> <p>No partnership with Sherburne Commons</p> <p>Don't want "pods" no need to change</p>	<p>Close OIH</p> <p>Do nothing – already have too many expensive town projects underway</p>

Themes of Interviews with Stakeholders

Improvement in 7 domains of Quality of Life

- Privacy
- Dignity
- Meaningful activity
- Strength of relationship
- Autonomy
- Food enjoyment
- Individuality



Improved Quality of Care

- Elders maintain self-care abilities - longer
- Less depression
- Less boredom
- Less loss of appetite and weight loss
- Less wheelchair dependence
- Fewer pressure ulcers

Compared to traditional nursing homes

- Higher direct care time : 23-31 more minutes/day
- Higher family satisfaction
- Higher staff satisfaction

Dementia Care

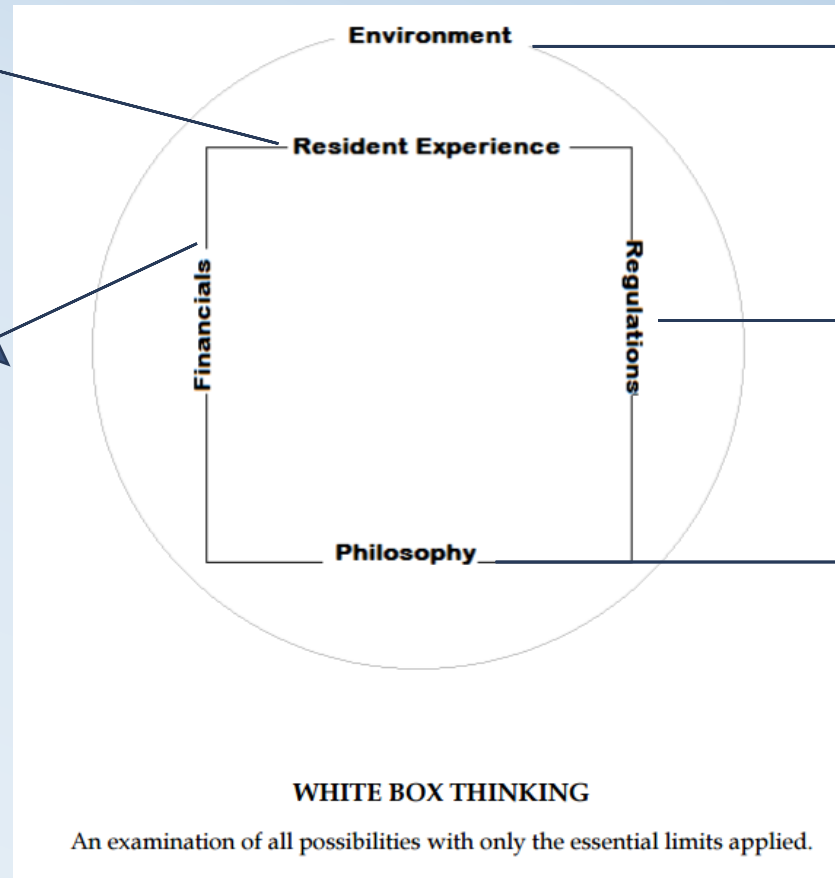
Small House recommended by Alzheimer's Foundation as excellent model of care for individuals with dementia

Small House Research Demonstrated Outcomes



Analysis of Options

Research demonstrates
better outcomes
in deinstitutionalized
models of care



“Community First”

No new Nursing Home beds
available in MA

Take care of our own on
Island

Medicare – Hospital has swing beds
Medicaid – Stagnant
Private – Limited
Government – responsibility
to constituents to keep tax burden
reasonable

Factor Analysis of Nantucket Eldercare & OIH’s role in Delivery System

White Box Options



- 1) Maintain the Status Quo
- 2) Remodel Existing OIH
- 3) Sale to Outside Entity Before or After Construction
- 4) Traditional Nursing Home on Existing Site or Sherburne Commons
- 5) Small House Nursing Home at Existing Site
- 6) Small House Nursing Home at Sherburne Commons

Financial	Quality of Life & Quality of Care	Demographic & Reimbursement Elasticity	Other Factors
<p>Escalating losses related to:</p> <ul style="list-style-type: none"> • Static reimbursement rates • Escalating operating costs • Escalating demand for repair & maintenance costs • Potential loss of state-funded CPE revenues • Building issues could produce citations and civil monetary penalties <p>Fiscal burden remains on Town</p>	<p>Continued issues with quality outcomes and meeting state requirements</p>	<p>None – will not meet changing demands of population</p> <p>Lacks expansion space</p>	<p>Ethical responsibility to provide best quality of care in the least restrictive environment</p> <p>Legal responsibility to comply with Olmstead</p> <p>Some stakeholders have strong conviction to keep OIH at current location</p>

1) Maintain the Status Quo

Financial	Quality of Life & Quality of Care	Demographic & Reimbursement Elasticity	Other Factors
<p>Escalating losses related to:</p> <ul style="list-style-type: none"> • Static reimbursement rates • Escalating operating costs • Escalating demand for repair & maintenance costs • Potential loss of state-funded CPE revenues • Building issues could produce citations and civil monetary penalties <p>Fiscal burden remains on Town</p>	<p>Continued issues with quality outcomes and meeting state requirements</p>	<p>None – will not meet changing demands of population because it lacks expansion space to add community based services</p>	<p>Costs of reconstruction of existing building unreasonable because of Federal/State regulations which require that renovation of any part of a facility bring the entire facility up to the current code. This represents a rebuild</p> <p>Some stakeholders have strong conviction to keep OIH at current location</p>

2) Reconstruct Existing Building

Financial	Other Factors
<p>Fiscal burden no longer on Town, but ...</p> <p>Unlikely that any buyer would purchase due to:</p> <ul style="list-style-type: none"> • Current level of operational losses and presence of systemic challenges to achieve profitability • Sale to third party would eliminate state-funded CPE revenues (allocated only for municipally-owned nursing homes) • Lack of short term rehabilitation market • General lack of interest in facilities with union contract in place • Logistical challenges and expenses associated with Island location 	<p>Sale option has been explored, to no avail</p> <p>Even if sale were consummated, no control over continued operation for the long-term</p> <p>Risk of closure high due to specific dynamics that would likely lead to mounting losses</p>

3) Sale to Outside Company Before or After New Construction

Financial	Quality of Life & Quality of Care	Demographic & Reimbursement Elasticity	Other Factors
<p><i>Existing site</i> – more expensive to build, and more expensive to operate</p> <p><i>New site</i> - less expensive to build, but still more expensive to operate</p> <p>Town subsidy higher than other alternatives, regardless of site</p> <p>If remain at existing site - no potential sale to Land Bank, thus a loss of revenue from the sale to offset construction costs</p> <p>Fiscal burden remains on Town</p>	<p>Will not improve Quality of Life in the same manner as afforded in a person centered home like environment</p>	<p>Current site: None – will not meet changing demands of population because it lacks expansion space to add community based services</p> <p>Building plan eliminates ability to change programs to meet changing needs</p>	<p>Some stakeholders have strong conviction to keep OIH at current location</p>

4) Construction of Traditional Nursing Home Building – Existing Site or Sherburne Commons

Financial	Quality of Life & Quality of Care	Demographic & Reimbursement Elasticity	Other Factors
<p><i>Existing site</i> – not feasible to build given site restrictions; and even if it were feasible, not programmatically optimal</p> <p>Town subsidy higher than other alternatives, regardless of site</p> <p>No potential sale to Land Bank, thus a loss of revenue from the sale to offset construction costs</p> <p>Fiscal burden remains on Town</p>	<p>Integral facility is not feasible to be placed on site without impacting existing facility</p> <p>Detached homes do not provide larger community gathering areas</p>	<p>Current site: None – will not meet changing demands of population because it lacks expansion space to add community based services</p> <p>Building plan eliminates ability to change programs to meet changing needs</p>	<p>Some stakeholders have strong conviction to keep OIH at current location</p> <p>Storm surge vulnerability</p> <p>Construction phasing required</p>

5) Construction of a Small House Complex at the Existing Site

Nantucket Storm Surge Analysis

Nantucket Hurricane History

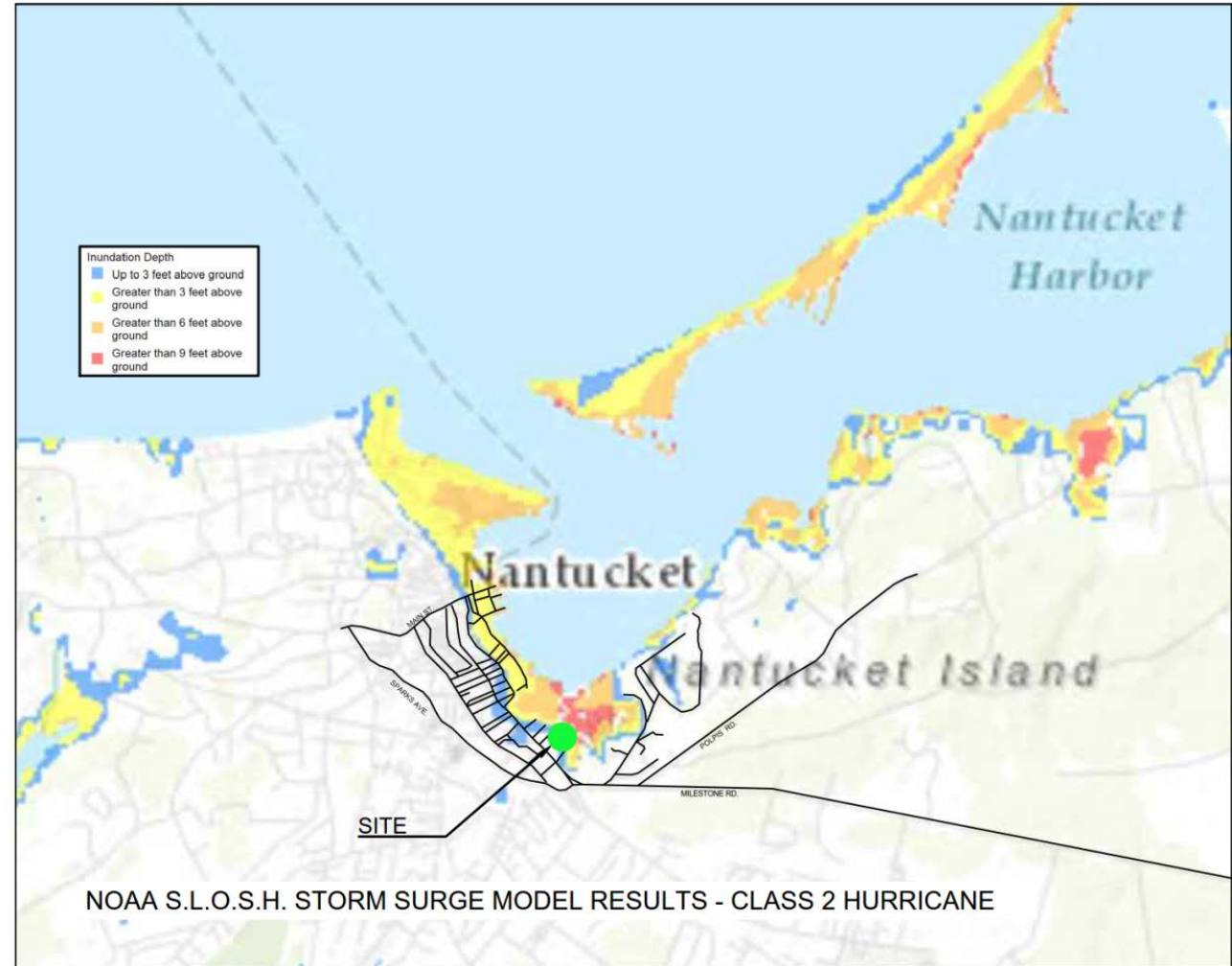
- 1924: Unnamed, Cat. 1
- 1938: Great New England Hurricane, Cat. 3
- 1944: Great Atlantic Hurricane, Cat. 2
- 1954: Hurricane Edna, Cat. 3
- 1954: Hurricane Carol, Cat. 3
- 1960: Hurricane Donna, Cat. 2
- 1985: Hurricane Gloria, Cat. 2
- 1991: Hurricane Bob, Cat. 2

Class 2 Hurricane

- Portion of site closest to shore may be inundated with up to 3-ft of storm surge

US DEPT OF COMMERCE
National Oceanographic & Atmospheric Administration

Source:
NOAA S.L.O.S.H. (Sea, Lake, and Overland Surges from Hurricanes)

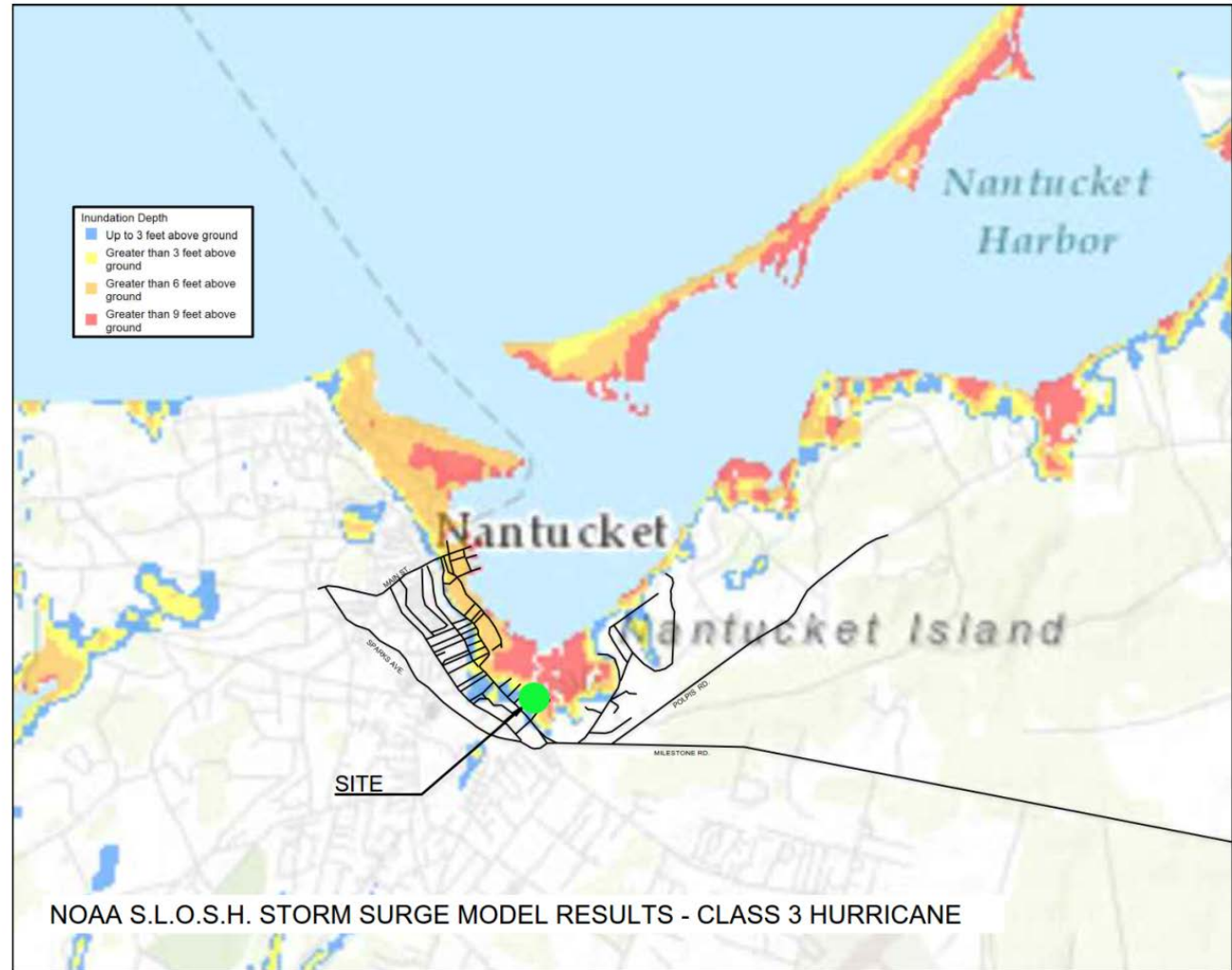


Nantucket Storm Surge Analysis

Class 3 Hurricane

- Majority of site may be inundated by storm surge with depths up to 6-ft.

National Oceanographic and
Atmospheric Administration



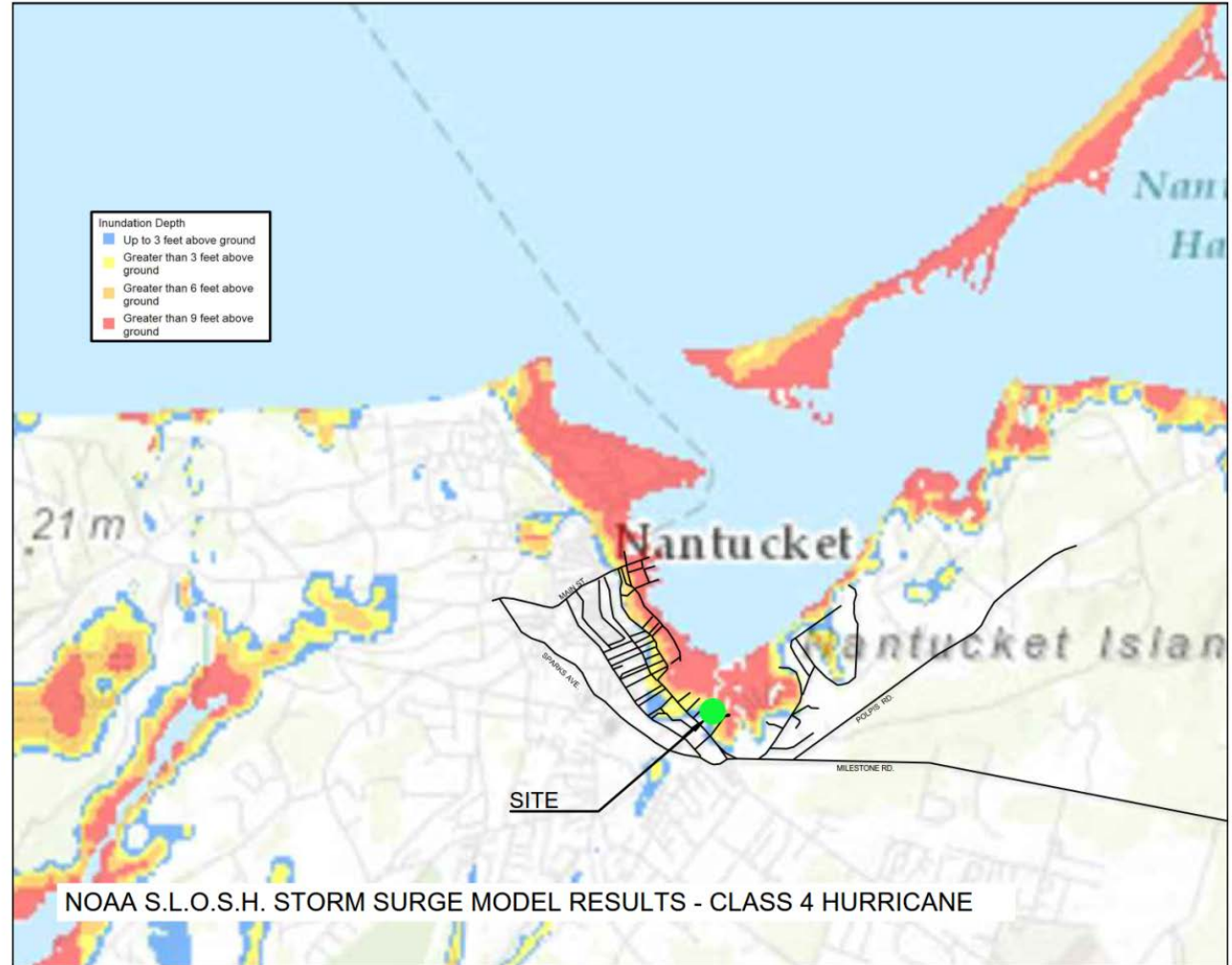
Nantucket Storm Surge Analysis

Class 4 Hurricane

- Majority of site may be inundated by storm surge with depths up to 9-ft.

US DEPT OF COMMERCE

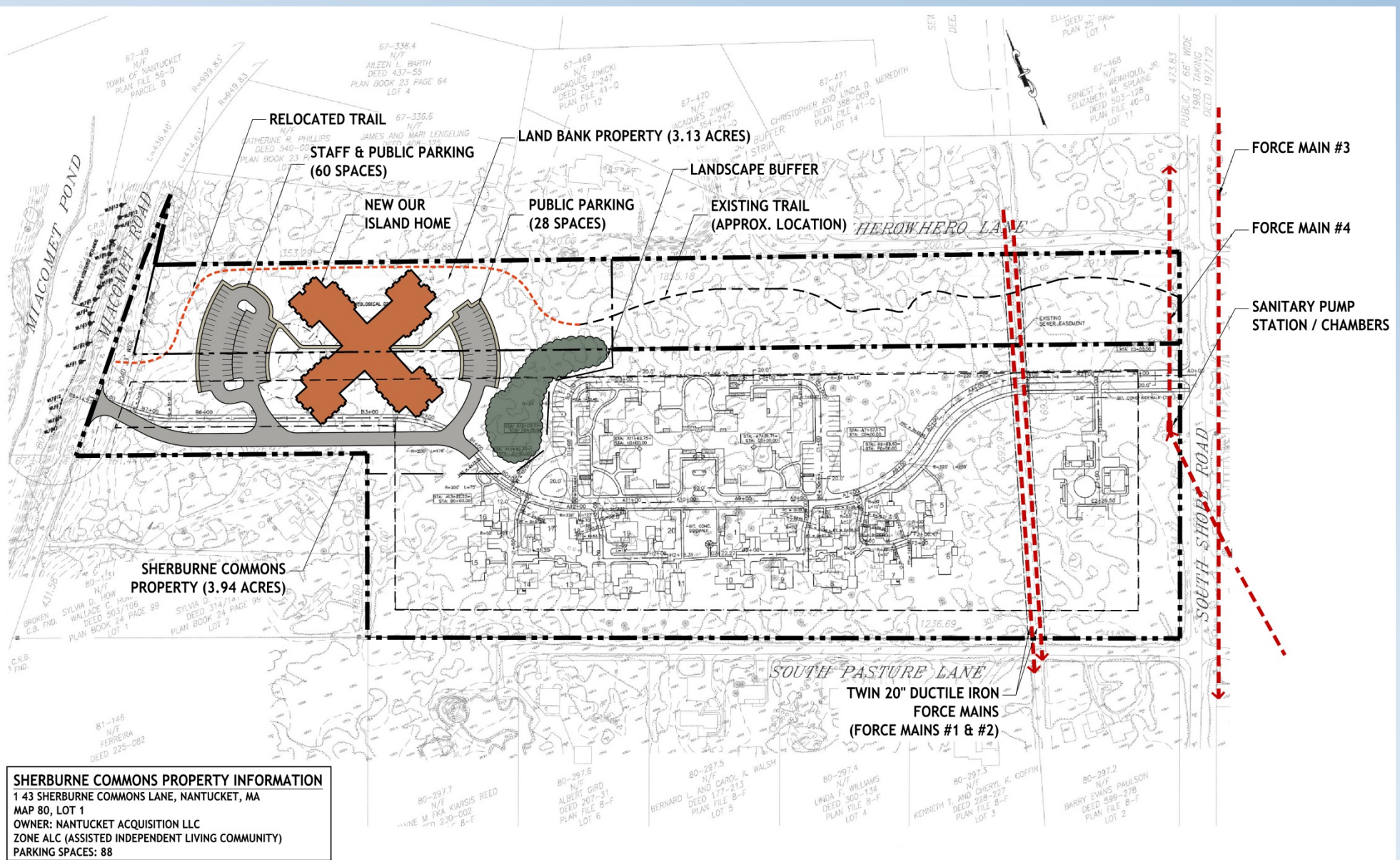
National Oceanographic & Atmospheric
Administration



Financial	Quality of Life & Quality of Care	Demographic & Reimbursement Elasticity	Other Factors
<p>Construction costs less than most other alternatives, more than some</p> <p>Least expensive model to operate (in terms of Town subsidy required)</p> <p>Potential revenue from sale of land to Land Bank</p> <p>Fiscal burden remains on Town, but marginally less than other models</p>	<p>Expected improvement in Quality of Life and Quality of Care</p>	<p>Very elastic – potential for site to become the hub of community services – a one stop center for services and providers</p> <p>Provides flexibility to shift houses to meet service demands if needs or reimbursement changes</p>	<p>Easy transition-build then move</p>

Best Fit with Existing and Future Eldercare Needs on Island:

6) Construct a Small House 30 Bed Nursing Home and 10 bed Affordable Assisted Living at Sherburne Commons



OUR ISLAND HOME - FEASIBILITY STUDY

SHERBURNE COMMONS SITE - SITE PLAN OPTION 1

NANTUCKET, MA

MARCH 2016

0' 80' 120' 240'





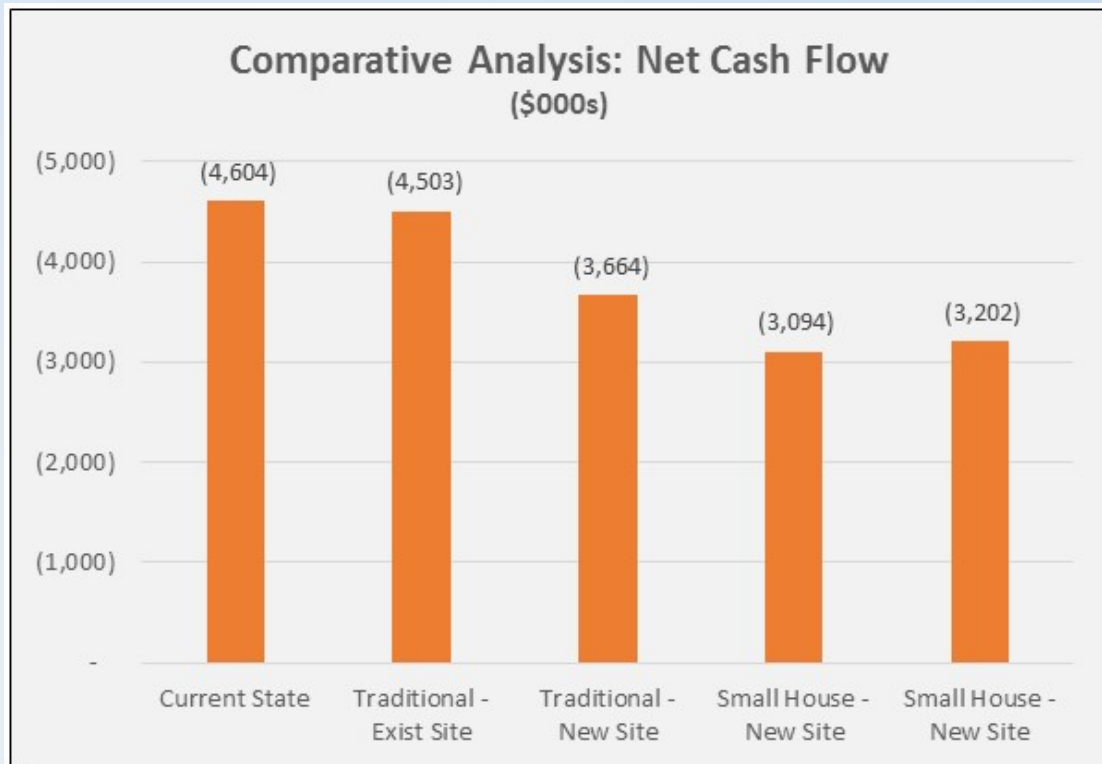
Typical 10-Bed Home Plan

(\$000's)

Scenario:	Current State	Traditional Bdg- Existing Site	Traditional Bdg- New Site	Small House - New Site	Small House - New Site
Number of SNF Beds	45	40	40	30	40
Number of AL Units	-	-	-	10	-
Project costs (Uses)	-	21,640	18,461	23,864	23,864
Cash Flow:					
Loss from Operations	(4,454)	(2,829)	(2,829)	(1,851)	(1,959)
Debt service	-	(1,634)	(795)	(1,203)	(1,203)
Routine capital	(150)	(40)	(40)	(40)	(40)
Net Cash Flow	\$ (4,604)	\$ (4,503)	\$ (3,664)	\$ (3,094)	\$ (3,202)

* Excluding Town subsidy and State CPE receipts for municipally-owned providers

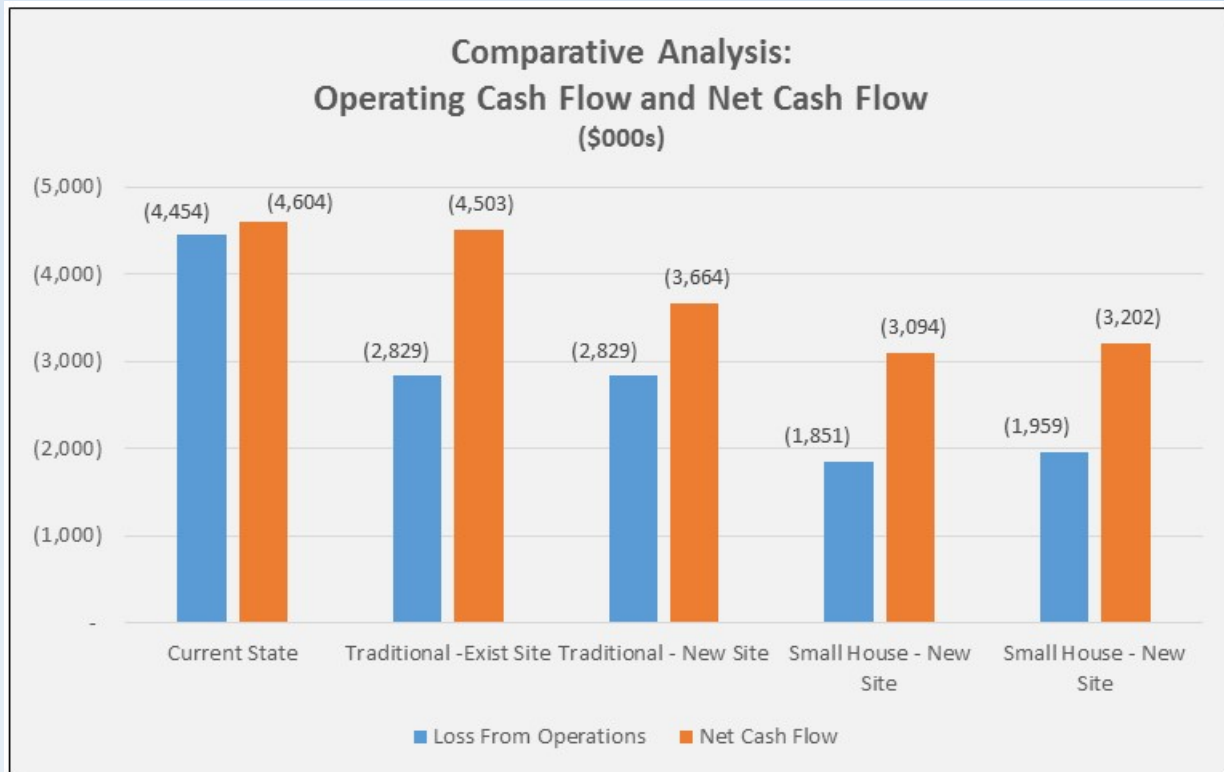
Summary Options – FY2020



* Excluding Town subsidy and State CPE receipts for municipally-owned providers

Represents net cash flow losses after factoring in financing costs related to construction, and ongoing capital expenditures

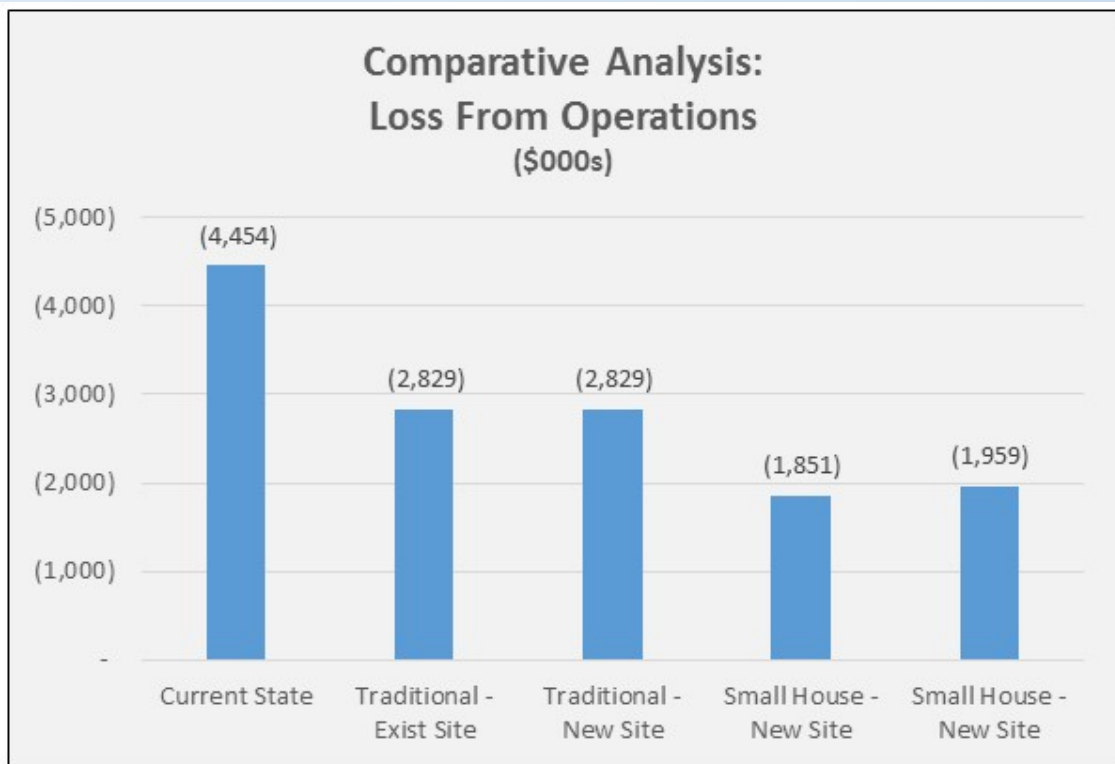
Summary Options – FY2020



* Excluding Town subsidy and State CPE receipts for municipally-owned providers

Represents net cash flow losses after factoring in financing costs related to construction, and ongoing capital expenditures

Summary Options – FY2020



* Excluding Town subsidy and State CPE receipts for municipally-owned providers

Represents losses solely from Operations
across different scenarios

Summary Options – FY2020



Additional Recommendations

Investigate the Student Loan Forgiveness Programs
that are available to professional staff if they are employed in an underserved area



Additional Recommendations: Recruitment of Health Care Staff

Added cost of Management Company could be more than offset by the Potential Benefits:

- Operational expertise will improve budgetary and quality outcomes
- Shifts operational burden away from the Town while retaining ownership
- Provides access to pool of talent for succession planning



Additional Recommendation: Consider a Management Company

Involve key stakeholders to:

- Review existing services
- Identify needs and gaps in services
- Create a 5-year plan for building a comprehensive eldercare system that echoes “Community First”



Additional Recommendations: Formalize Coordination of Services

Engage legal counsel to fully explore:

- Establishment of a Public Benefit Corporation to own/operate OIH
- Conversion of OIH to a freestanding not for profit/voluntary corporation



Additional Recommendation: Consider Alternative Ownership Structures

Initiate a Quality Improvement Program for Quality of Care and Quality of Life utilizing the Advancing Excellence in America's Nursing Home Platform



Additional Recommendations: Quality Improvement

The State-funded Home Modification Loan Program

The Massachusetts Partnership Long Term Care Insurance

Reverse Mortgages



Additional Recommendations: Public Awareness Campaign

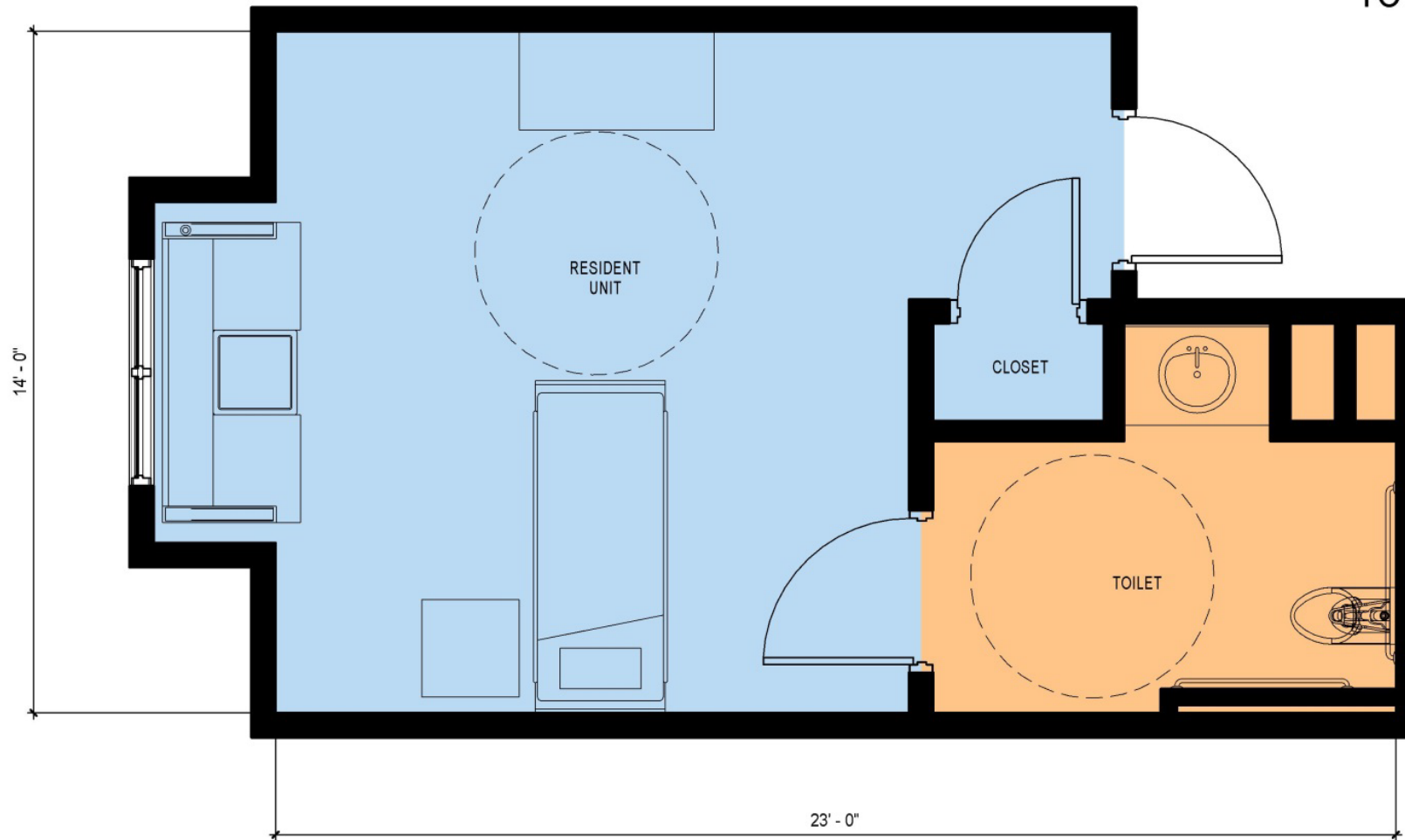


Discussion

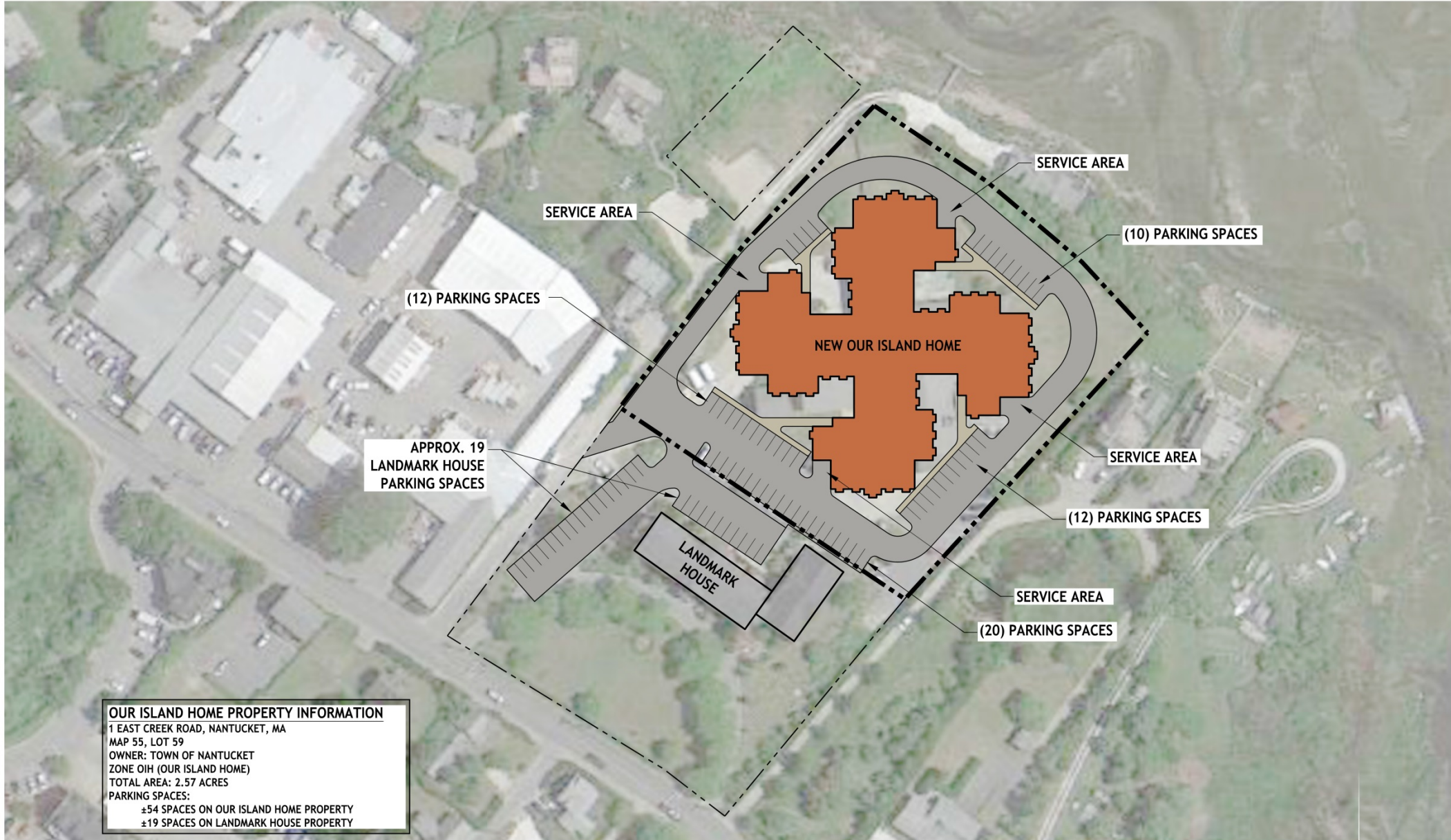
Thank you for the opportunity to collaborate with the Town of Nantucket !

RESIDENT UNIT

LIVING AREA	254 SF
TOILET AREA	80 SF
TOTAL AREA	334 SF



Typical Resident Unit Plan

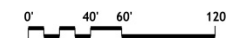


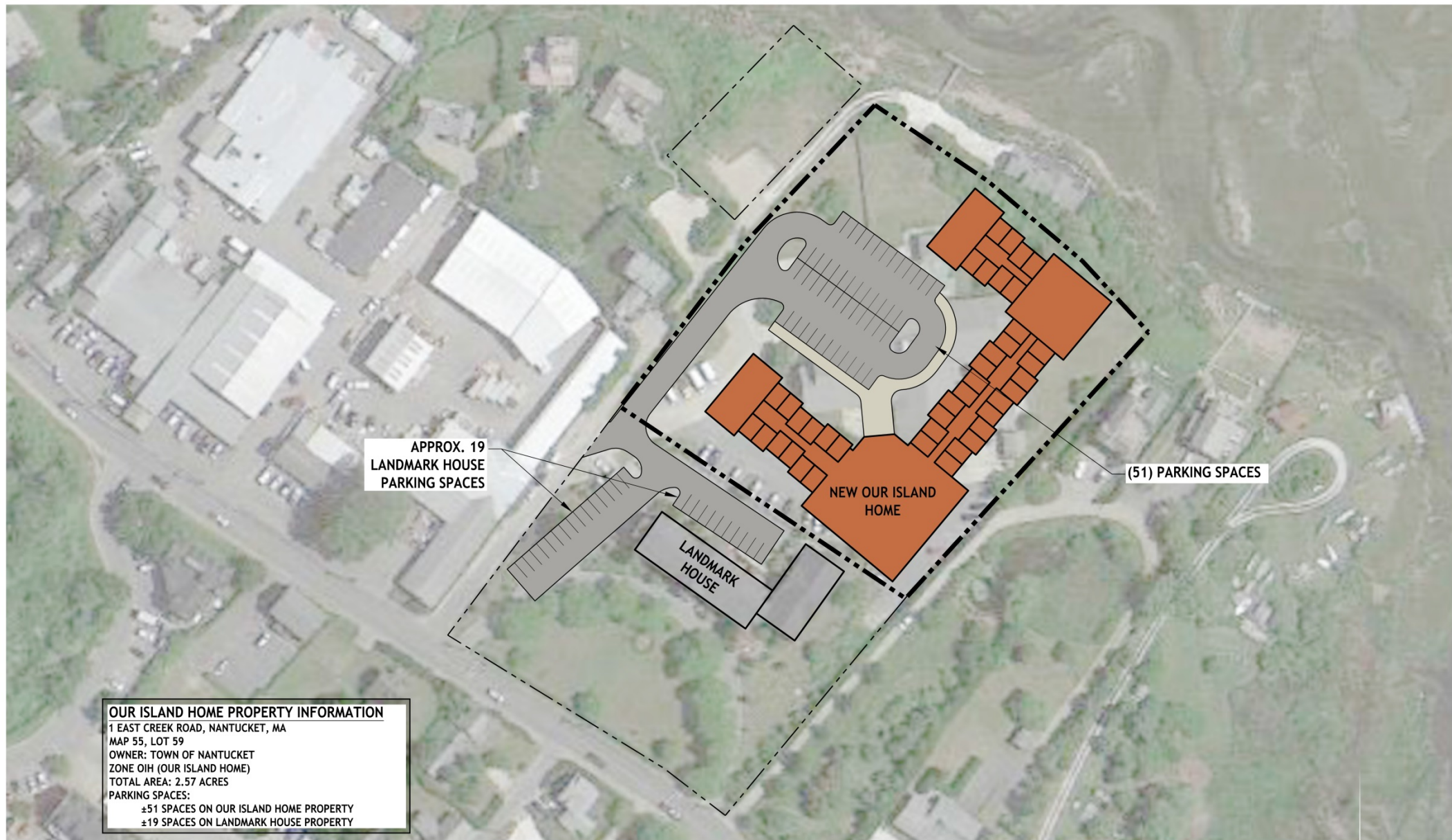
OUR ISLAND HOME - FEASIBILITY STUDY

SITE PLAN OPTION 1

NANTUCKET, MA

MARCH 2016



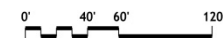


OUR ISLAND HOME - FEASIBILITY STUDY

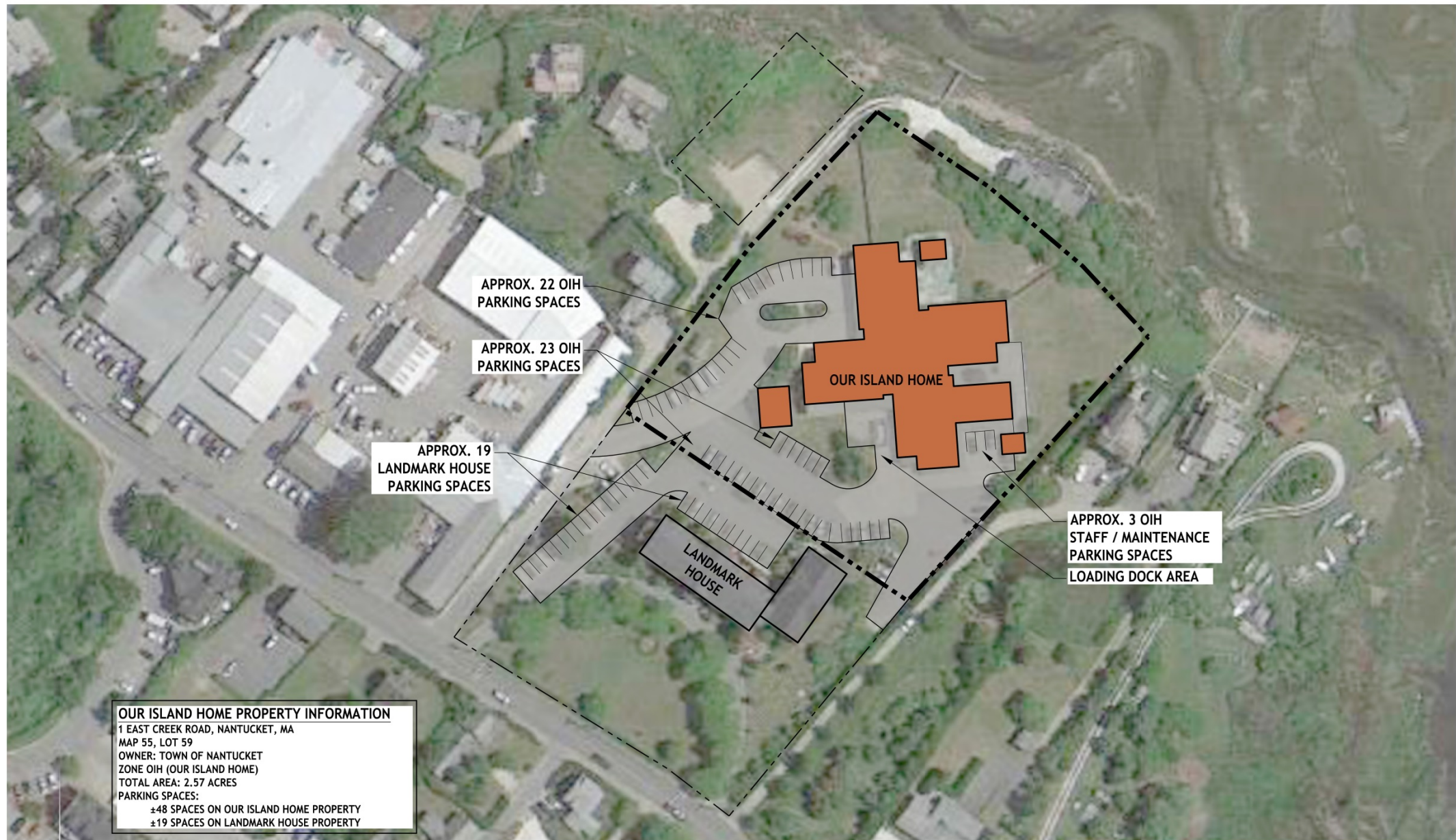
SITE PLAN OPTION 3

NANTUCKET, MA

MARCH 2016



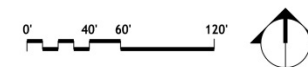
SMRT

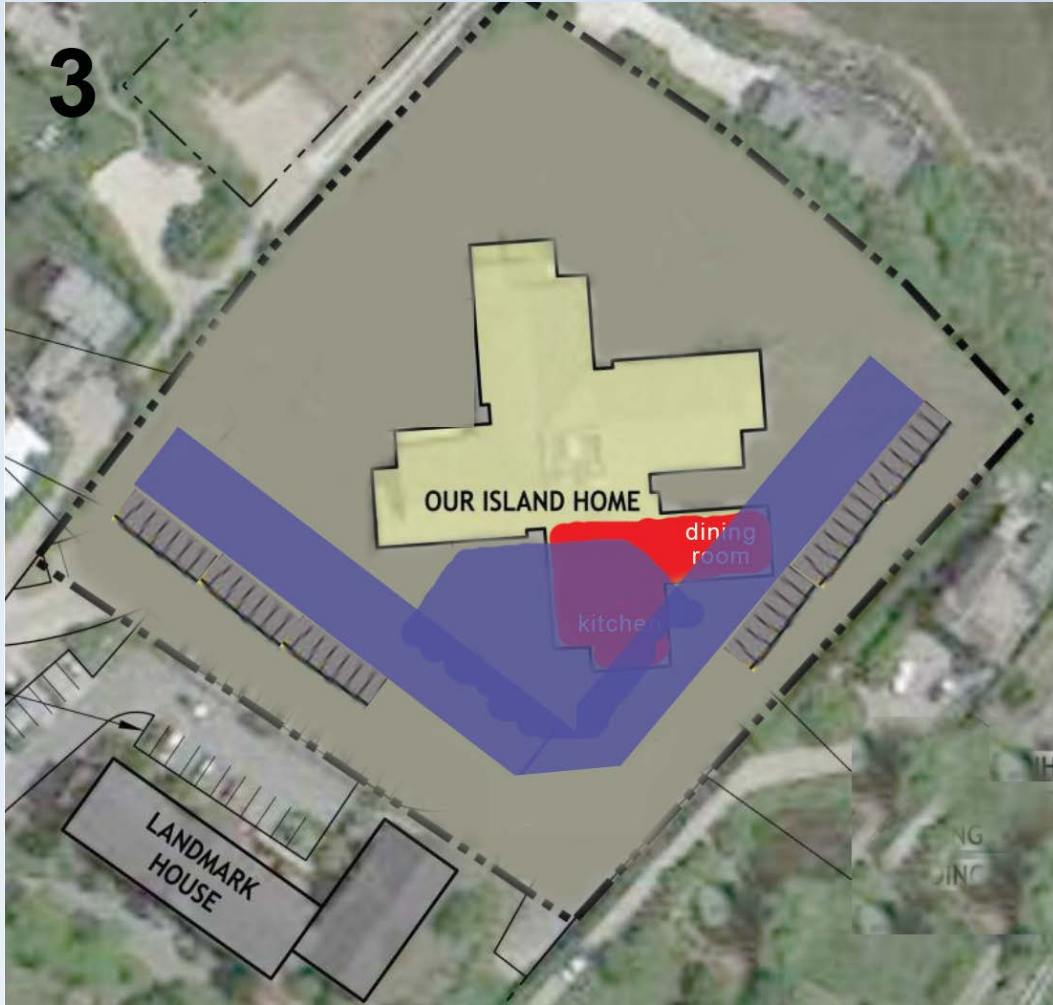


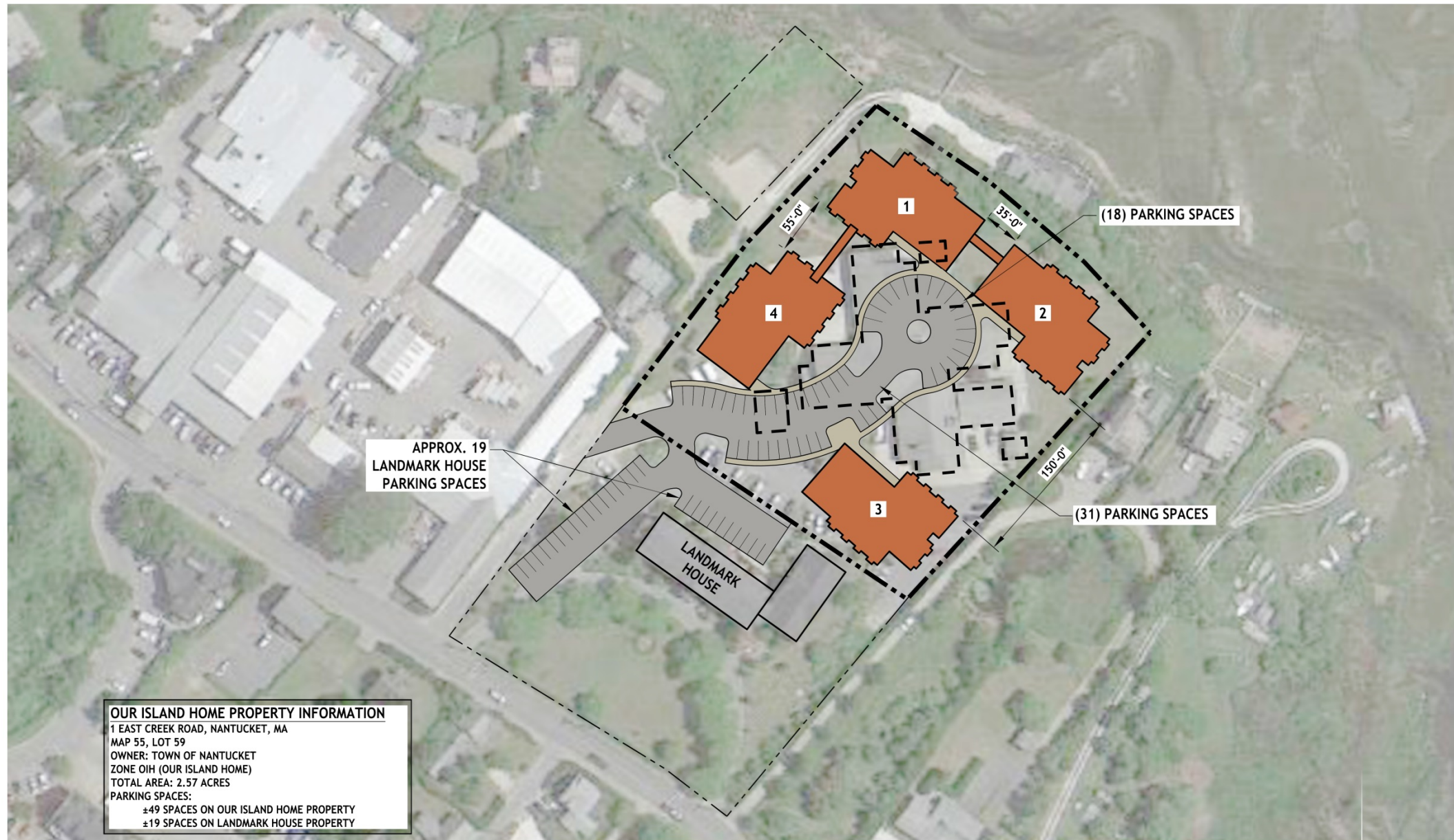
OUR ISLAND HOME - FEASIBILITY STUDY

EXISTING CONDITIONS
NANTUCKET, MA

MARCH 2016





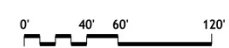


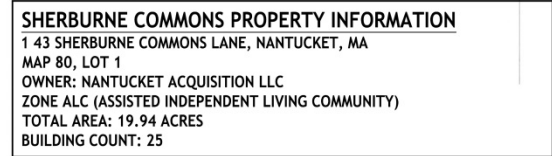
OUR ISLAND HOME - FEASIBILITY STUDY

SITE PLAN OPTION 2

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